



Calhoun: The NPS Institutional Archive
DSpace Repository

Theses and Dissertations

1. Thesis and Dissertation Collection, all items

1993-03

The impact of the defense budgeting process on operational readiness.

Turley, Leslie S.

Monterey, California. Naval Postgraduate School

<http://hdl.handle.net/10945/24176>

Downloaded from NPS Archive: Calhoun



Calhoun is the Naval Postgraduate School's public access digital repository for research materials and institutional publications created by the NPS community. Calhoun is named for Professor of Mathematics Guy K. Calhoun, NPS's first appointed -- and published -- scholarly author.

Dudley Knox Library / Naval Postgraduate School
411 Dyer Road / 1 University Circle
Monterey, California USA 93943

<http://www.nps.edu/library>

REPORT DOCUMENTATION PAGE

Form Approved

OMB No. 0704-0188

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204 Arlington, VA 22202-4302 and to the Office of Management and Budget, Paperwork Reduction Project (0704-0188), Washington, DC 20503

1. AGENCY USE ONLY (Leave blank)		2. REPORT DATE March 1993		3. REPORT TYPE AND DATES COVERED Master's Thesis	
4. TITLE AND SUBTITLE THE IMPACT OF THE DEFENSE BUDGETING PROCESS ON OPERATIONAL READINESS				5. FUNDING NUMBERS	
6. AUTHOR(S) Turley, Leslie S.					
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Naval Postgraduate School Monterey, CA 93943-5000				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING / MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSORING / MONITORING AGENCY REPORT NUMBER	
11. SUPPLEMENTARY NOTES The views expressed in this thesis are those of the author and do not reflect the official policy or position of the Department of Defense or the U.S. Government.					
12a. DISTRIBUTION / AVAILABILITY STATEMENT Approved for public release, distribution is unlimited				12b. DISTRIBUTION CODE	
13. ABSTRACT (Maximum 200 words) This thesis will examine the Department of Defense Planning System, past, present, and one of the many alternatives proposed for the future. Emphasis will be placed on the impact the present planning system has on near-term warfighting capabilities. The present system, centered in the Pentagon, has a time horizon of 5 to 15 years. Emphasis is placed on planning future programs and addressing outyear costs and capabilities; near-term warfighting capabilities may not receive the attention necessary to achieve current combat readiness. It is the contention of this thesis that in conjunction with reforms implemented to enhance the responsibility and authority of the unified and specified commands, the resource allocation process must also be changed to provide this level of management direct control of resources to meet the acquisition and operational needs necessary to achieve mission objectives.					
14. SUBJECT TERMS DOD Planning System, Operational Readiness, Allocation of Defense Resources				15. NUMBER OF PAGES 53	
				16. PRICE CODE	
17. SECURITY CLASSIFICATION OF REPORT Unclassified	18. SECURITY CLASSIFICATION OF THIS PAGE Unclassified	19. SECURITY CLASSIFICATION OF ABSTRACT Unclassified	20. LIMITATION OF ABSTRACT UL		

1259120

Approved for public release; distribution is unlimited.

THE IMPACT OF THE DEFENSE BUDGETING PROCESS
ON OPERATIONAL READINESS

by

Leslie S. Turley
Lieutenant, United States Navy
B.G.S., University of Kansas, 1984

Submitted in partial fulfillment
of the requirements for the degree of

MASTER OF SCIENCE IN MANAGEMENT

from the

NAVAL POSTGRADUATE SCHOOL
March 1993

ABSTRACT

This thesis will examine the Department of Defense Planning System, past, present, and one of the many alternatives proposed for the future. Emphasis will be placed on the impact the present planning system has on near-term warfighting capabilities. The present system, centered in the Pentagon, has a time horizon of 5 to 15 years. Emphasis is placed on planning future programs and addressing outyear costs and capabilities; near-term warfighting capabilities may not receive the attention necessary to achieve current combat readiness. It is the contention of this thesis that in conjunction with reforms implemented to enhance the responsibility and authority of the unified and specified commands, the resource allocation process must also be changed to provide this level of management direct control of resources to meet the acquisition and operational needs necessary to achieve mission objectives.

1 K6313
T 93763
C.1

TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	PRE-1961 PLANNING SYSTEM	3
III.	PLANNING SYSTEM SINCE 1961	10
IV.	DEFICIENCIES IN OUR PRESENT SYSTEM TO ADDRESS NEAR-TERM WARFIGHTING CAPABILITIES	22
V.	AN ALTERNATIVE	33
VI.	CONCLUSIONS	42
	BIBLIOGRAPHY	47
	INITIAL DISTRIBUTION LIST	48

I. INTRODUCTION

This thesis will examine the Department of Defense Planning System, past present, and one of the many alternatives proposed for the future. Through this examination, it is the objective of this thesis to provide documentation which indicates that the present system may not provide appropriate attention to near-term warfighting capabilities.

The primary question this thesis will address is: Does the present Defense Planning System unduly emphasize force capabilities in the future at the expense of operational readiness in the present? Investigation reports of recent operations will be cited which highlight some of the deficiencies in the present system that are believed to have contributed to mission failures and loss of American lives.

Through the examination of a mission-oriented approach as an alternative to the present system, this thesis will address a second question: Will a change in the present allocation of defense resources as proposed in the mission-oriented model actually enhance near-term warfighting capabilities? This thesis will examine the direct relationship between the allocation of resources and the decision-making process of the present system.

The decision-making process is severely hindered by Congressional oversight, powerful influence by the military departments, and a blurred chain of command which emerges during the execution of operational plans. Missions are multiservice operations and require extensive coordination among the planners and the participants. The present Defense Planning System does not tend to encourage jointness. Consequently, as military incidents and mishaps will reflect, appropriate attention to specific details may be overlooked. Failures not only cost lives, they also damage the reputation of the U.S. warfighting capability. The thesis will examine the reforms which have been implemented to strengthen the chain of command and propose that in addition, the allocation of defense resources should be changed to complement the command structure.

II. PRE-1961 PLANNING SYSTEM

Prior to 1961 the Secretary of Defense played a relatively modest role in the force planning and acquisition process compared to what came afterward.

When the Constitution of the United States was drafted, our national security objectives were modest. A small permanent military establishment was all that was deemed necessary. Funding for this establishment was provided by the states and became known as the War Department. The Secretary of War headed the department and was a cabinet member.

The War Department was initially comprised of ground forces but as the world environment changed, our national security requirements grew. In 1798 the Department of the Navy was created with the Marine Corps being organized shortly after. But it was not until 1834 that the Marine Corps was placed under the authority of the Secretary of the Navy. The War Department then consisted of two executive departments.

During the next century both the Army and the Navy grew rapidly due to westward expansion and acquisition of territories in the Caribbean and Pacific. Problems in the War Department surfaced earlier but gained real momentum during the Spanish-American War in 1903. In 1821 a Commanding General of the Army position was created who was in charge of discipline and military control, while

the Secretary of the War Department had control of the resources required to support the Army.

Solving the problem of dual control led to the creation of the Office of Chief of Staff supported by a General Staff Corps, doing away with the Commanding General position. The senior general at the War Department would serve as advisor to the Secretary of War. In 1915 similar problems evolved within the Navy which led to the creation of the Office of the Chief of Naval Operations.

Another problem was highlighted during the Spanish-American War, which is still around today, the unification of all components (ground, sea and air) of the national defense establishment. The lack of coordination between the War Department and The Navy Department emerged during the Mexican War of 1848 and the Civil War, but during the Spanish-American War it became a major issue. In response, a new Joint Board was created which consisted of four officers from each service. The purpose of the Joint Board was to provide coordination between the two military departments, but there are no big success stories. Even during World War I they only met twice!

Following World War I discussion of unification of the services surfaced. This discussion was driven by the high cost of war and the need for economy and efficiency, and due to a new technology, aircraft. With the birth of aviation came a possible need for a third military department which placed great emphasis on unification. It wasn't until during World War II that the Joint

Chiefs of Staff was created having a broader purpose than the old Joint Board. Unified commands were also established during this period of time, although full legislative authority for these changes did not take place until the National Security Act of 1947.

In 1945 President Truman "proposed to Congress a single Department of National Defense, headed by a cabinet secretary and supported by an Under Secretary and several Assistant Secretaries." (Hitch, 1966, p.14) Truman's proposal called for three military branches, each reporting to an Assistant Secretary, and each having a military commander. The proposal also called for integrated plans and a unified military program and budget. It also "stressed the economies that could be achieved through the unification of supply and service functions, the need for strong civilian control and the requirement for unity of command in outlying bases." (Hitch, 1966, p. 15)

When all was said and done, the National Security Act of 1947 was not what Truman had recommended.

It provided for the creation of a National Military Establishment headed by a Secretary of Defense and comprising three separately organized and administered executive departments - Army, Navy, and Air Force - retaining in these departments "all power and duties relating to such Departments not specifically conferred upon the Secretary of Defense." In effect, the National Security Act of 1947 established not a unified department or even a federation, but a confederation of three military departments presided over by a Secretary of Defense with carefully enumerated powers. (Hitch, 1966, p. 15)

The first Secretary of Defense was Mr. James Forrestal. In just a little more than a year in the newly established position he had strong recommendations concerning the statutory authority

of the Secretary of Defense. The 1947 Act had authorized the Secretary to establish only "general" policies and programs, and to exercise only "general" direction, authority, and control. In 1949 the act was amended which provide:

The primacy of the Secretary of Defense as the principal assistant to the President on defense matters was stressed. The Army, the Navy, and the Air Force lost their status as executive departments and all that went with it. The Secretary of Defense was given a Deputy and three Assistant Secretaries, a Chairman was provided for the Joint Chiefs of Staff, and the Joint Staff was increased from 100 to 210 officers. And, finally, TITLE IV was added to the Act creating the Office of the Assistant Secretary of Defense, Comptroller, and providing for uniform budget and fiscal procedures throughout the Department. (Hitch, 1966, p. 16)

In 1953 the Defense Department's top management was reorganized again. Some agencies were done away with and the Secretary of Defense gained six additional Assistant Secretaries to carry out the work of the cancelled agencies.

In 1958 the Act was amended to increase the responsibilities and authority of the Secretary of Defense, with particular emphasis on the area of operational direction of the armed forces and in the research and development area.

The three military departments were no longer to be separately administered and instead were only to be separately organized. A new post of Director, Defense Research and Engineering was created, not only to "supervise" research and development activities, but to "direct and control" those activities needing centralized management. Also in the 1958 reorganization the military departments, which had been acting as executive agents in the operational control of the unified and specified commands, were taken out of the command chain, so that the line of command now runs from the President to the Secretary of Defense through the Joint Chiefs of Staff to the unified commands. And finally, to enable it to carry out it's enlarged functions, the Joint Staff was

strengthened further from 210 to 400 officers. (Hitch, 1966, pp. 16-17)

Through these changes the Secretary of Defense position emerged as the true operational leader of the Defense Department. Some reorganization and unification that took place after the 1958 Act:

1. Unified commands were created.
2. Joint contingency plans were drafted by the Joint Chiefs of Staff for several possible situations.
3. The civilian Secretaries took control of the over-all level of the defense budget and brought it into line with the fiscal policy of the administration.

Each of these laws, the Act of 1947 and the Act of 1958, "represented a major step in the integration of the defense establishment and the consolidation of power in the hands of the Secretary of Defense." (Enthoven and Smith, 1971, pp. 2-3) The 1958 Act clearly gave

the Secretary of Defense the authority to determine the force structure of the combatant commands, to supervise all research and engineering activities of the Department, and to transfer, reassign, abolish, and consolidate combatant functions. (Enthoven and Smith, 1971, pp. 2-3)

Between 1947 and 1961 substantial progress was made in improving the organization and legal structure of the U. S. defense establishment. The Office of the Secretary of Defense was created and gradually strengthened as a center-seeking force to counter the centrifugal thrust of the three Services. The Secretary's role slowly evolved from that of a relatively powerless arbiter to that of a major participant in the decision-making process Despite this progress, however, there was much unfinished business in defense management in 1961. (Enthoven and Smith, 1971, p. 8)

Some of the most important areas of unfinished business leading into 1961 included:

1. Inadequate Means of Central Leadership

The Secretary of Defense was still looked at as a judge rather than a leader.

- Contributing to this view was the lack of information and control systems available to provide the Secretary of Defense the management tools necessary to manage a department the size and complexity of DOD.
- Each Service was basically working independently. Each was concerned about their own: mission, budget share, supply system, force structure, cost of readiness, and combat capability.

2. Defense Budget

- a. Rather than a mechanism for integrating strategy, forces, and costs, it was essentially a bookkeeping device for dividing funds between Services and accounts, and a blunt instrument for keeping a lid on defense spending. The information contained in the defense budget was primarily useful for day-to-day administration It was not very useful for helping the President, members of the Congress, and the Secretary of Defense to establish priorities and choose between competing programs. (Enthoven and Smith, 1971, p. 11)
- b. The strategy and forces were approached as basically military decisions, and the budget was viewed as a civilian function. This gap was a major problem in rational defense planning.
- c. Financial planning only looked at one year ahead which led to program decisions being made without considering future costs.

3. Duplication and overlap in research and development programs was wasting valuable resources, time, and funding.

Prior to 1961 the defense budgeting process was referred to as the "budget ceiling" approach. The President would indicate the level of defense expenditures and the Secretary of Defense would allocate this figure, usually equally, among the three military departments. In turn, each military department would

prepare an annual budget allocating ceilings among components. Additional requests would be presented in the form of an addendum. Since there was no set guidance on national strategy and priorities by the National Security Council, each military department was left to their own interpretation and pressures from their own internal institution as to where to best spend their share of defense dollars. The result was that civilian leaders were concerned almost exclusively about the total budget level, instead of military effectiveness and need.

The changes brought about by the 1947 Act and the 1958 Act did little to decrease the authority and independence of the military departments. The President could overrule any reallocation made by the Joint Chiefs so there was no incentive for the military departments to work towards a unified defense policy. The military departments were still bargaining on their own behalf with no one looking at the Defense Department as a whole and the budget was still piecemeal financing conforming to fixed ceilings. The only solution would be to have a strong President and Secretary of Defense to impose a unified defense solution. "It was against this background of continued Defense by Bargaining that Mr. Robert McNamara became Secretary of Defense in 1961." (Hobkirk, 1983, p. 29)

III. PLANNING SYSTEM SINCE 1961

Before 1961 the Secretary of Defense acted largely as a referee arbitrating differences between the military departments. He was largely reactive vs. proactive. While the 1958 Reorganization gave the Secretary of Defense much expanded power to manage the Department of Defense, the absence of an effective Management Information System made it difficult if not impossible to exercise these new powers effectively. McNamara changed this: He accepted the position of Secretary of Defense determined to be an effective leader and shape the U.S. national security strategy and military forces.

Secretary McNamara brought not only extraordinary managerial ability and drive but also a new concept of management to the Department of Defense. He made it clear at the outset that he wanted to exercise fully his statutory authority, that he wanted all defense problems approached in a rational and analytical way, and that he wanted them resolved on the basis of the national interest. March 1961, he shocked the Department by assigning ninety-six separate projects (complete with specific questions and deadlines) to its various components for analysis and review. Many of the projects concerned items that had long been considered sacrosanct. He made clear his belief in active management from the top. (Enthoven and Smith, 1971, p. 32)

McNamara decided that new management methods would be more useful in achieving his goals than another reorganization of the department.

McNamara described the situation: From the beginning in January 1961, it seemed to me that the principal problem in efficient management of the Department's resources was not the lack of management authority. The problem was rather the absence of the essential management tools

needed to make sound solutions on the really crucial issues of national security. (Enthoven and Smith, 1971, pp. 32-33)

One of the first deficiencies highlighted was the lack of adequate management information and control systems. This problem was assigned to Charles J. Hitch, the Comptroller. Hitch, "formerly Head of the Economics Division at Rand, was one of the nation's leading authorities on program budgeting and the application of economic analysis to defense problems." (Enthoven and Smith, 1971, p. 33)

Hitch's task was to conduct a systematic analysis of all requirements and to incorporate them into a five-year, program-oriented defense budget. This marked the birth of the Planning-Programming-Budgeting System (PPBS). The only similar effort was in 1955-56 when the Joint Chiefs of Staff developed the first Joint Strategic Objectives Plan (JSOP) which projected requirements for major forces for four to five years in the future, but it was basically a "pasting together of unilaterally developed service plans." (Hitch, 1966, p. 25) The JSOP is prepared with the assistance of the military departments, and represents to the Secretary of Defense the force level that the Joint Chiefs of Staff believe are required to carry out national strategy and military objectives. "Before 1969, the JSOP consistently recommended forces costing 25 to 35 percent more than those finally approved by the President and Congress." (Enthoven and Smith, 1971, pp. 94-95) No Secretary of Defense would approve the forces

recommended by the JSOP. The document was viewed as evidence that the military could not present realistic alternatives to the Secretary of Defense. The JSOP also is an example of the gap between defense planning and budgeting which was a driving force in the development of the PPBS. This gap could have had severe impact on the cost of defense: " . . . during the seven years of McNamara's leadership, total defense spending would have been over \$120 billion higher if he had approved all the JSOP-recommended forces." (Enthoven and Smith, 1971, p. 95)

PPBS stands out as the most significant change that has taken place in the defense budget process.

The fundamental idea behind PPBS was decision-making based on explicit criteria of the national interest in defense programs, as opposed to decision-making by compromise among various institutional, parochial, or other vested interests in the Defense Department. (Enthoven and Smith, 1971, p. 33)

Another basic idea of PPBS was to bridge the gap between military planning and budgeting. This gap resulted in an imbalance between planned forces and the actual budgets and programs which are to support them.

. . . the fact is that our total resources are always limited and must be allocated among many competing needs in our society . . . Benefits and costs are associated with every defense program . . . The emphasis is not on cost, but on cost and effectiveness together. (Enthoven and Smith, 1971, p. 36)

An example of the consequences resulting from this gap between planning and budgeting;

When the defense budget had to be cut, inevitably the prestige items (carriers, divisions, air wings) were

retained and the unglamorous but essential support items (ammunition, spare parts, fuel) were cut In 1961 the Army had managed to hold on to fourteen divisions in it's force structure, but had only a few weeks' supply of ammunition and logistics support for these divisions, and that in unbalanced amounts. (Enthoven and Smith, 1971, p. 36)

Each military department exercised it's own priorities, focusing on their own missions to the detriment of joint missions. They each attempted to lay the budgeting groundwork for a greater share of the defense resources in future budget years "by concentrating on alluring new weapons systems and protecting the size of their forces, even at the cost of readiness." (Hitch, 1966, p. 24) The role of programming was to bridge this gap between the already established planning and budgeting elements of the defense budgeting process.

Within the programming phase lies the second most significant contribution of the McNamara era, the use of systems analysis and the establishment of a powerful Office of Systems Analysis, initially reporting to the Comptroller but soon reporting directly to the Secretary of Defense.

From 1961 onwards, increasing use was made of quantitative techniques drawn from mathematics, statistics, and economics to help in the choice between systems. These techniques have a number of names of which "systems analysis" is the best known. Systems analysis attempts to calculate the effectiveness of a complete weapon system in operation against a rational and responsive adversary. (Hobkirk, 1983, p. 30)

Systems analysis was a vital part of the decision-making process when comparing competing options within the same program. Some refer to cost-effectiveness as the main justification for PPBS.

Many found it interesting that initially McNamara brought in outside experts as a separate group to conduct system analyses rather than have the existing bureaucracy adopt system analysis. Robert Art wrote,

The revolutionary manner in which McNamara made his decision . . . transformed the "expert" career bureaucrat into the "novice" and the "inexperienced" political appointee into the "professional." By demanding that decisions be made through a cost-effectiveness analysis, McNamara freed himself from the Secretary's usual dependence on the experience and knowledge of the military officer and the career civil servant. By demanding something that only he and his small personal professional staff possessed the experience and competence to do, McNamara declared insufficient or invalid, or both, the customary criteria for making decisions and the traditional grounds for justifying them. (Hobkirk, 1983, pp. 99-100)

Opposition was voiced extensively to the use of cost-effectiveness studies in the decision-making process and it is still controversial.

. . . opposition to cost-effectiveness studies stems not only from a suspicion of quantitative analysis but also a conviction - completely unsubstantiated but nevertheless firmly held - that these studies inevitably lead to decisions favoring the cheapest weapon. (Hitch, 1966, p. 46)

In actuality the concern is: "Which strategy offers the greatest amount of military effectiveness for a given outlay? Or . . . How can a given level of military effectiveness be achieved at least costs?" (Hitch, 1966, p. 47 and p. 58) Systems analysis provides the analytical foundation for the making of sound objective choices among the alternative means of carrying out these missions.

It is obvious why the military would oppose a systems analysis group reporting at a high level in the Department of Defense. From the establishment of the Defense Department the military departments had enjoyed great independence. They were the experts and through the ad hoc, bargaining environment were able to exert great power in the national defense arena. Now under the direction of Secretary McNamara analytical ascendancy superseded them. By changing the criteria on which Defense decisions were made, McNamara did not have to rely on the military to recommend the most effective and economical programs to the White House and the Congress. He was making their programs and recommendations subject to scrutiny. The process moved from decentralized to centralized decision-making with the Secretary of Defense at the center.

In 1965 Systems Analysis became a separate entity headed by an Assistant Secretary of Defense. The charter outlined the responsibilities as:

1. To review, for the Secretary of Defense, quantitative requirements including, forces, weapons systems, equipment, personnel, and nuclear weapons.
2. To assist the Secretary in the initiation, monitoring, guiding, and reviewing of requirement studies and cost-effectiveness studies . . .

Under the direction, authority and control of the Secretary of Defense, the Assistant Secretary of Defense (Systems Analysis) shall perform the following functions:

1. Develop measures of cost and effectiveness in order to make quickly and accurately analyses of a variety of alternative programs of force structure, weapons systems, and other military capabilities projected over a period of several years.

2. Assemble, consolidate, summarize, and present data in various forms so as to show the total implications of alternative programs in terms of relative costs, feasibility and effectiveness, and the problems of choice involved.
3. Analyze and review quantitative requirements in the following functional fields:
 - a. Force Structure
 - b. Total Manpower
 - c. Weapons Systems, and Major End Items of Material, e.g., bombs, torpedoes, ships, vehicles, ammunition
 - d. Nuclear Weapons
 - e. Transportation, including mobility and development
 - f. Information and Communication systems closely related with the above requirements.
4. Analyze and review quantitative military requirements of allied and other foreign countries.
5. Assist the Secretary of Defense in initiating, monitoring, guiding, reviewing and summarizing of requirements studies. (Enthoven and Smith, 1971, pp. 76-77)

Through this charter, the civilian led Systems Analysis office was placed in an advisory position that had been held exclusively by military professionals on the Service and Joint Chiefs of Staff staffs. There was great animosity on the part of the Services and many voiced their feelings: Vice-Admiral Hyman G. Rickover, testifying before a House subcommittee in 1968,

The social scientists who have been making the so-called cost-effectiveness studies have little or no scientific training or technical expertise; they know little about naval operations . . . Their studies are, in general, abstractions. They read more like the rules of a game of classroom logic than like a prognosis of real events in the real world . . . (Enthoven and Smith, 1971, p. 78)

There was also Congressional opposition to having civilian analysts as the key advisors to the Secretary of Defense. McNamara's point of view,

the Systems Analysis office was a group of men who worked for him and him alone, with his problems and the national interest seen with a perspective similar to his own uppermost in their minds. The existence of such an analytical staff freed him from total dependence on the military staffs. It enabled him to lead - to challenge, question, propose, and resolve disputes - instead of merely serving as a referee or a helpless bystander. (Enthoven and Smith, 1971, p. 80)

During this period the Secretary of Defense became a powerful advisor to the President. Since the President presents his legislative and budgetary programs to Congress each year, it is critical that the defense budget request be realistic and in balance with other national objectives. Congress holds the purse strings and defense policy issues involve much more than the question of military operations. National policy issues involving political, economic, and technical factors must be addressed as well as military ones. In the intense political environment that surrounds defense policy, varied backgrounds, disciplines and points of view contribute to a more balanced, supportable program.

Attempts were made in 1970 to abolish the Systems Analysis office but failed. What did take place was the original charter was reaffirmed

but without the initiative it had formerly exercised in carrying it out The Systems Analysis office would limit itself to evaluation and review, and, by implication, would not put forward independent proposals of it's own. (Enthoven and Smith, 1971, pp. 333-334)

The need for additional defense policy reform was emphasized again in the early 1980's. Hundreds of U.S. servicemen's lives were lost in military operations that went wrong (i.e., Iran, 1980, Beirut and Grenada, 1983). The nation had failed to achieve the political-military objectives that had motivated the operations. Commissions were appointed to investigate the circumstances surrounding the failed exercises.

Reports consistently pointed to structural flaws in the organization that planned and carried out the operations and in routine procedures for planning and conducting military operations. (Blackwell and Blechman, 1990, p. 2)

Also during this time period several pricing scandals were publicized, emphasizing the need for change in the defense acquisition procedures.

The calls for defense reform in the 1980's culminated in the Report of the President's Blue Ribbon Commission on Defense Management (the Packard Commission) and the Goldwater-Nichols Department of Defense Reorganization Act, both completed in 1986 They aimed to cause a cultural change in the approach taken to defense policymaking and in providing for the nation's security. (Blackwell and Blechman, 1990, p. 2)

Implementation of these reforms was needed before another military operation went wrong, but it was hampered by other circumstances: 1) The defense budget was declining in real terms by 1986 and the gap between the fiscal demands of the defense program and the resources being made available was growing. The political issue between Congress and the White House became: how much of a cut in defense might be possible, rather than, how to spend the amount allocated to defense more

effectively. In December, 1987 President Reagan met with members of Congress resulting in a 10 percent cut in the current year (FY88) defense budget that had to be implemented in less than six weeks. 2) Key leadership and budgetary changes in the Department of Defense monopolized the attention of senior officials rather than focusing on organizational and procedural reforms. Several senior Reagan Administration officials left government service in the late 1980's, including Secretary of Defense Casper Weinberger in 1987. Weinberger could be viewed as a major reason that the reforms of 1986 were not implemented completely. " . . . defense reform cannot work unless the secretary of defense is personally committed to implementing whatever proposals are on the table." (Blackwell and Blechman, 1990, p. 6) The recommendations of the Packard Commission and the Goldwater-Nichols Act disagreed with Weinberger's management style that had been in place since he started in 1981. The proposals reflected criticism of his management practices.

The tasking of the secretary of defense in the Goldwater-Nichols Act to provide clear and timely written policy guidance reflected a concern in Congress that Secretary Weinberger did not have a strategy and was not providing Congress with resource-constrained Department of Defense goals that would aid Congress in evaluating Department of Defense programs. (Blackwell and Blechman, 1990, p. 145)

Sponsors of the reorganization act tried to avoid direct criticism of Weinberger's management of the Defense Department, but their legislation was aimed at correcting what was referred to as the

shortcoming of Weinberger's administration: the failure of the civilian leadership to articulate national strategy and relate strategy to military missions and fiscally constrained program priorities. (Blackwell and Blechman, 1990, p. 126)

The Packard Commission and the Goldwater-Nichols Act aimed to restore the proper balance among authority, responsibility, capacity, and accountability in the chain of command so that in future military operations the clarity of command relationships will itself help to bring about a successful conclusion, rather than hampering effective action. The Goldwater-Nichols Act, in particular, aimed at making the chain of command an uninterrupted straight line from the President to the secretary of defense, through the chairman of the Joint Chiefs of Staff, to the commanders in chief of the unified and specified commands. In principle, all other components of the Defense Department should recognize that they exist solely to support this chain of command and to ensure it's success in battle. (Blackwell and Blechman, 1990, p. 11)

Taken a whole, four major results of both the Packard Commission and the Goldwater-Nichols Act as they relate to the planning, programming, and budgeting areas are:

1. To strengthen the role of the Chairman of the Joint Chiefs of Staff (CJCS).
2. To create the position of Vice Chairman of the Joint Chiefs of Staff (VCJCS).
3. To improve the quality, influence, and importance of the Joint Staff and to make the Joint Staff responsible exclusively to the chairman, not the corporate Joint Chiefs.
4. To strengthen the influence of the commanders in chief of the unified and specified commands in the allocation of resources (financial, personnel, and material) of the Department of Defense. (Blackwell and Blechman, 1990, p. 151)

The Packard Commission also recommended the adoption of biennial budgeting and multi-year procurement contracts. These changes require the "legislature to commit itself to the

limits of the constitutional flexibility it has in appropriating public funds." (Blackwell and Blechman, 1990, p. 7) Practices that would provide stability in defense plans, programs, and budget would reduce Congress' flexibility to impose changes in response to international conditions, or domestic and political events. Bottom line for Congress is

. . . conditions affecting the impact of their decisions can change so rapidly that elected officials are reluctant, in effect, to delegate their fiscal responsibility to the executive branch in a single vote for the entire legislative term. (Blackwell and Blechman, 1990, p. 7)

Congress has required the Defense Department to submit two-year defense budgets which began in the 1988/1989 submission. But the legislature has not been willing to reform it's own ways of doing business. " . . . money is policy and annual budgeting is a powerful congressional tool for closely controlling executive action." (Art, 1985, p. 405)

IV. DEFICIENCIES IN OUR PRESENT SYSTEM TO ADDRESS NEAR-TERM WARFIGHTING CAPABILITIES

This thesis has analyzed the major attempts that have been made over the past 50 years to reform the defense budgeting and decision-making process since WWII. These reforms in the defense department have largely been directed at putting decision-making power into the "right" hands to ensure our national security objectives are achieved efficiently and economically. The record is not one of unanimous success in as much as major deficiencies still exist.

Since the 1970's Congressional oversight has been on the increase.

The combination of concern over national budget priorities, economic inflation, the Watergate scandal, dis-enchantment with the results of the Vietnam War, defense-procurement-cost increases, and weapon-system cost overruns gave Congress the impetus to increase its control over the executive branch through a series of Congressional committee and budget process reforms implemented during the 1970's. (Jones and Bixler, 1990, p.90)

This environment plus the rising deficit and increased outside interest groups have pushed Congress into a line item level examination of the defense budget. Congressional oversight is now focused on detailed budgetary matters instead of the preparedness of the armed forces to accomplish our nation's security objectives. As discussed in the previous chapter, Congress has not been willing to appropriate defense funds biennially since that would weaken their strong hold on the

executive and as elected officials they do not want to limit their ability to react to the rapidly changing political environment. While a greater degree of rationality may have been brought to the process, the people who allocate resources do not have to fight the 5 to 15 year horizon in the Pentagon. With attention continually focused on getting the annual budget approved, our operational capabilities become a second concern.

The Packard Commission and the Goldwater-Nichols Act attempted to establish a distinct line of authority, capacity, responsibility, and accountability. This clear line is blurred by the overlapping involvement of the military departments in operational matters through their "de facto control of the component commands of the unified commands." (Blackwell and Blechman, 1990, p. 11) The military departments continue to undercut the real authority of the unified and specified commanders through their continued dominance in the resource allocation process. The lack of progress in resolving this problem has created an environment in the planning and conduct of military operations where disasters could easily occur. There must be one clear, responsible and accountable chain of command, especially during combat. The chairman of the Joint Chiefs and his staff must increase their involvement in clarifying and enforcing the chain of command to include the Unified Command Plan and the Unified Action

Armed Forces which are the two basic documents specifying command authority.

It is the contention of this thesis that the present planning and budgeting system encourages this blurred chain of command through the allocation of defense resources. The military departments dominate planning and resource processes in the Department of Defense because they dominate the information gathering and budget management functions which are the basis of the planning, programming, and budgeting process. While there are procedures in place through which the unified and specified commands provide input to the decision-making process, their input has little influence on actual decisions.

In fact the CINCs are routinely co-opted through the overriding influence of the military department's staffs of the component commanders; the latter, despite their formal subordination to the unified commanders, depend on their military departments chains for resources and authority. Responsibility and accountability suffer in the process. (Blackwell and Blechman, 1990, p. 12)

The military departments exert powerful influence over military operations because they have strong constituencies in Congress and among interest groups (local constituencies, business interests, etc.) that depend on the resources that the military departments channel to them. The Joint Chiefs of Staff and the CINCs do not have these constituent relationships because they do not have resources to channel. The Defense Resources Board (DRB) is a forum where the military department interests, unified and specified command interests,

and concerns of the Office of the Secretary of Defense are all addressed. But, the DRB is resource dominated where defense policy is driven by resource trade-offs not operational requirements.

Pursuant to a Goldwater-Nichols Act the chairman of the Joint Chiefs of Staff asked the principal CINCs if they wanted to have their own budgets. The CINCs responded negatively with two commonly stated reasons,

(1) that they want to concentrate on operations and operational planning, and (2) that they do not have the staff needed to support a larger budgetary role. The issue involved here could be put differently: how can they concentrate on operational planning and readiness without the discriminate leverage that their own budgets would give them to assure adequate attention to commonly neglected problems of little interest to the services such as CINC centered exercises and CINC centered shifting resource management personnel from other installations in proportion to the amount of money shifted. (Blackwell and Blechman, 1990, p. 139)

The remainder of this chapter will explain examples where these deficiencies have had negative impact on actual operations.

In April, 1980 a mission to rescue American hostages in Iran became a disaster. " . . . facts suggest that the operation exposed serious deficiencies in the military decision-making system that may require substantial change." (Ryan, 1985, p. 1)

Army Colonel Charlie A. Beckwith, leader of the assault team made the decision to abort the mission after three of his eight helicopters were unable to proceed due to mechanical failures. During the evacuation a helicopter sliced into a

transport plane, both bursting into flames and killing eight men. "The remainder flew to safety, leaving behind five helicopters, weapons, communication equipment, valuable secret documents, and maps . . ." (Ryan, 1985, p. 1) The gear and documents left were to be destroyed by a U.S. attack aircraft, but the strike was cancelled by President Carter because it would have jeopardized about 40 Iranians at the landing site.

A review group was appointed to investigate the incident and surrounding circumstances. Admiral James L. Holloway, III was nominated to head the group of five flag rank officers. They were directed "to identify only those "lessons learned" in a military sense." (Ryan, 1985, p. 4) With this narrow mandate, many questions went unanswered.

Many of the errors that took place stemmed from President Carter's extreme emphasis on absolute secrecy of the operation. Many things that could have been done to improve the possibility of success were not done because of this compartmentation.

- The Joint Chiefs of Staff did not implement their Contingency Plan (CONPLAN) because it was believed that doing so would cause too many people to know of the plan.
- The Joint Chiefs of Staff also would not authorize use of a current JCS developed framework for a Joint Task Force (JTF).

Without the authority to use these already existing formats, Major General James Vaught, who was assigned to lead the task force, had to resort to ad hoc methods to plan and organize the mission. Even though Vaught was an experienced,

highly regarded leader, he lacked experience in special operations and in planning and coordinating joint service operations. The Joint Chiefs were only briefed on the mission a few times. Since none of them had special operations experience themselves, critical questions concerning the plan were never asked, i.e., weather conditions, helicopter reliability, spare parts, etc. There was no complete testing mechanism of the plan. In fact, participants had no idea of any other participants directions. There had been talk at one time about bringing together a small group of experts to advise on the plan, but it was decided that it would pose security problems. At the time of the investigation, no one would tell who was credited with that decision.

Instead of utilizing the fully staffed and integrated intelligence component of JCS, Vaught named his own intelligence officer (J-2) and provided him with a small staff. Compartmentation imposed by security caused many problems. "Unwittingly, the J-2 staff sometimes failed to distribute incoming intelligence to officers who had a valid interest in the information." (Ryan, 1985, p. 34) Many other incidents involving intelligence were cited in the investigation report, with a recommendation that in the future the Joint Chiefs place the DIA director in charge of an interagency intelligence unit to support the task force.

The lack of a clear chain of command seriously hampered the uncovering of weaknesses that later surfaced during the

operation. It was not clear who was responsible to ensure the helicopter unit attained special operations capabilities. There were several officers involved but Vaught never outlined a distinct line of authority and responsibility between himself and others in the planning process. With only 12 days before the execution of the operation, Vaught named Lt General Gast as deputy task force commander. The fact that Gast outranked Vaught caused additional confusion.

Plagued by inexperienced planning, excessive security restrictions that severely handicapped planning and execution of the operation, and the lack of a clear chain of command throughout the entire operation, the mission was doomed from the start.

On 23 October 1983, disaster again hit U.S. troops as a truck loaded with TNT passed marine sentries guarding the compound in Beirut, heading straight for the headquarters building. The explosion that followed killed 241 men. Admiral Robert L. J. Long was appointed to head an investigative commission on the incident.

When the Commission's findings were announced they did not mince words, "that the officials, who had placed the marines in a plainly hazardous situation, apparently were ignorant of the history of Middle East terrorism." (Ryan, 1985, p. 152) These officials never thought that a person would give their own life to attack U.S. troops. The commission report also

emphasized the lack of attention given to the safety of the marines by the President and his advisors.

Similarly, throughout the chain of command, there was no clear definition of the meaning of "presence" for the marines, nor was the responsibilities of marine commanders clearly spelled out regarding the security of the Beirut airport. (Ryan, 1985, p. 152)

The Commission found that General Roger's specialist for security matters had evaluated the embassy bombing in April, 1983 and had predicted that a more spectacular attack would probably take place in Beirut, with the marines being the logical target. This information was not passed to the marine commander, Colonel Geraghty. Intelligence reports about terrorist action were not sent to Geraghty in a timely manner. Plus, he had no intelligence expert to assist him in evaluating the reports he did receive.

According to the commission, Colonel Geraghty did not receive such assistance and was, therefore, severely restricted in carrying out his mission. Specifically, there was no aggressive command follow-up nor was there continuing command assessment of the task assigned to him or of the support that he required. (Ryan, 1985, p. 153)

Again the deficiencies of the system and the lack of a clear chain of command, responsibility, and accountability were exposed at the expense of American lives.

Two days after the Beirut incident, the U.S. initiated a successful invasion in Grenada. The White House made a conscious decision that there would be no second-guessing by civilian officials. Vice Admiral Joseph Metcalf was tasked with a military objective, with no crippling conditions attached. This was not a swift surgical strike that is

desired in operations such as this, but the U.S. troops did their job and achieved the mission objectives.

The success was not without operational flaws.

The failure of the U.S. military to know that the students they were trying to rescue had a main campus at Grand Anse seems typical of the misplaced emphasis and perception that plagued relations between the two countries from the outset. While President Reagan made decisions from aerial photographs from satellite surveillance, the military had no maps and did not know where the campus was located. The military was also plagued by more serious problems. The collision of aircraft, the bombing of their own positions, and other oversights in coordination pale by comparison with the episode in which the soldiers in the heat of battle fired the light, antitank weapons (LAWs) at the Russian-made armored personnel carriers and they failed to go off. Perplexed, the soldiers and officers wondered if the Russians were using some new metal or coat in their construction. The answer was much more elementary and closer to home: the LAWs being used were poorly constructed. While the soldiers were engaged in battle on October 25, the first day of operation Urgent Fury, the administration in Washington was engaged in a battle of another kind, explanation and defense. (Burrowes, 1988, p. 83)

Flaws in the chain of command have victimized the military for decades. Looking back to the 1960's the Bay of Pigs episode has similar characteristics as the Iranian Rescue Mission of 1980.

In April, 1961, President Kennedy decided to support an attempt by anti-Castro commandos to overthrow Fidel Castro's regime in Cuba. Assigning a Central Intelligence Agency civilian official to be in charge of the mission, President Kennedy directed that even the Joint Chiefs of Staff were not to be informed about the plan. Again, secrecy and inexperience in special operations of the planners condemned a mission to fail before it even started. How many times must the

military be subjected to the same errors in judgment before the process and procedures are changed?

The capture of the USS Pueblo in January, 1968 is a prime example of a fragmented chain of responsibility. At the time of the incident there were so many federal agencies and organizations involved in the operation of the Pueblo that the Pacific Fleet commander no longer had the authority to direct the ship's movement without Washington's approval. Washington bureaucracy had diluted command responsibility and authority.

In contrast, the Mayaguez incident May, 1975 is an example of a successfully executed rescue mission. President Ford immediately involved the correct players for planning the operation, the Joint Chiefs of Staff. Within hours of the capture, a U.S. Navy Orion patrol plane had located the ship. The circumstances surrounding the mission highlighted the need for a fast-reaction multiservice counterterrorists force. A force such as this would have eliminated the ad hoc element of the rescue mission. "A special command, with it's own air transport, helicopters, and assault teams, could have been on the scene within twenty-four hours." (Ryan, 1985, p. 143) During this mission, Washington leaders still were persistent in getting involved in the control of the operation. Squadron leaders were constantly interrupted to answer telephone calls from seniors in Washington. These calls were presumably in response to questions from the White House. During any combat operation, set procedures outline the issue of progress/status

reports. These procedures take into account the events that would be taking place at the same time. Men can lose their lives while a squadron leader is answering questions from senior officials during combat. After the experiences of the 1960's and 1970's, why did the disaster in Iran take place in 1980? Lack of a clear chain of command, decision-making authority not in the right hands to ensure sufficient planning and execution of operations, and involvement of officials who lack experience in warfighting, appear to be contributing factors.

V. AN ALTERNATIVE

Numerous alternatives to the present Defense Planning System have been proposed. This fact alone emphasizes the concern of many that the deficiencies of the present system are critical and must be addressed. The previous chapter outlined some major flaws in the present system and the operational outcomes that result. For the purpose of this thesis a mission-oriented approach is evaluated as a model for an alternative to the present Defense Planning System. This alternative was developed by L. R. Jones and Glenn C. Bixler and presented in the book Mission Financing to Realign National Defense.

The Jones-Bixler model is based on the premise that, "The management control, budgeting, and accounting structures used by the Department of Defense do not correspond well either to it's mission and responsibility structure or the organization as a whole." (Jones and Bixler, 1992, p. 209) The contention is that if mission responsibility, organization structure and control structure were better aligned, budget preparation and execution would be more precise. To understand the misalignment we must examine the present chain of command for responsibility, control, and financial areas of the Defense Department.

The responsibility structure of the Department of Defense is comprised of the unified and specified commands, and the service commands and are tasked with defending U.S. national security interests. This is the operational side of the house.

The control structure of the Department of Defense flows downward from the President and Congress, who define national objectives and priorities; through the Office of the Secretary of Defense to the military secretaries and chiefs of the military departments, who develop the policies to achieve the objectives; to the service military commanders and the remaining military chain of command, who strive to achieve the desired outcomes. The Joint Chiefs of Staff also exerts some control which flows out to the unified and specified commands. As discussed earlier in this thesis, there are problems in the control structure as to responsibility, accountability, and authority that have caused severe problems during military operations.

The financial structure flows down from Congress and the President to the Department of Treasury and, under the authority of Congress and the Executive branch Office of Management of Budget, flows to the Department of Defense. The Department of Defense comptroller, serving the Secretary of Defense, is at the hub of the DOD wheel as resources are allocated to the military department comptrollers within each

service passing funds on to the command and sub-command levels, eventually reaching the activities and installations of each service.

"In theory, the control structure and financial structures of an organization serve the mission or responsibility structure." (Jones and Bixler, 1992, p. 210) When the Department of Defense was examined from this perspective, it was found that the control structure dominated the responsibility structure and the financial structure either dominated or acted independently of the other two. The mission-oriented concept would change the allocation of resources to place the responsibility structure in the lead to define and acquire the necessary assets to defend national security interests.

Under this model,

. . . the responsibility for operations and procurement (including military construction) would be placed at the command level, where military commanders, as experts in the business of deterring as well as prosecuting war, would specify their needs and then, employing their own staffs of military and civilian specialists, would administer their operating and capital budgets to finance military operations. Most notably, under this approach the commands would contract for most support functions and procure military capital assets through multiyear contracting directly with the private sector. A significant amount of capital investment contracting would be accomplished through cooperative purchasing involving multiple commands. (Jones and Bixler, 1992, p. 211)

The role of the Office of the Secretary of Defense and the military department secretaries would remain the same as now concerning budget rationing authority and liaison between the military and the Executive Branch. The decentralized command-

based system would simplify the control structure of the Department of Defense. The high profile Pentagon budgetary and regulatory control would no longer be as necessary. The financial structure would serve the command's needs in addition to that of Congress and other agencies and departments associated with defense resources. Accounting systems would support command operating needs, providing as close to real-time budget information, (i.e., budget authority, obligations, and balances) as possible. The accounting system would also provide performance indicators tied to dollars to enhance commander's decision making when considering performance requirements issues. Performance would tie mission accomplishments to budgets with the results transmitted to the military department secretaries and on up the chain of command.

This reform model also extends to Congress.

If Congress were to reform its budget process to eliminate separate budget, authorization, and appropriation committees and instead, employ only one joint budget committee to perform the work of budget review and appropriation for both houses, it is much more likely that performance information would be used to guide defense-resource decision making. Under this approach, a single budget committee for defense resource decision making in Congress would appropriate the operating portions of the DOD budget for a minimum of two years, without any specific spending ceilings or floors on individual programs or items in the budget. Report language would be confined to the specification of general national security outcome preferences by mission and command area. The investment or capital acquisition accounts in the DOD budget would be appropriated on a five-year basis, and would be fully or advance funded where justified in terms of production efficiency. Under this approach, appropriations would be made in direct correspondence to the command structure proposed by the DOD. (Jones and Bixler, 1992, pp. 212-213)

General Colin Powell spoke in favor of a mission concept before Congress and indicated that the planning, programming, and budgeting for the Department of Defense could be formulated according to four mission components: Atlantic forces, Pacific forces, strategic forces, and contingency forces. Also a component could be added to a mission format to provide for management support forces such as the Pentagon and other management support activities.

Under this proposal, financial audit would continue but could be simplified if one agency were to be authorized for each branch of government to perform audit and evaluation functions. Congressional oversight could focus on whether were met instead of how they were met.

To quote Jones and Bixler,

The financial role of policy-makers would be to specify in general, lump-sum terms how much money should be spent attempting to achieve major national security goals by command and mission area. Presumably, decision makers would reward success at the command level with additional funding and would provide lower funding where problems were resolved and commitments were reduced. Likewise, failure at the command level would be penalized by withdrawal or shift of funding. Command accountability would be much more direct to the Secretary of Defense, the President, and Congress under the expectation that success and failure would be reflected directly in multiyear budget decisions. Apportionment of funds would flow from the Treasury through the OSD to the commands as determined by Congress. The President's Office of Management and Budget, as an intermediary agency, and the military department secretariats would not be required to control the budget apportionment process as tightly as they do at present under the more decentralized process as much greater budget-execution control authority and accountability would be vested in the commands. (Jones and Bixler, 1992, pp. 213-214)

In essence, the mission-budget process would be much more centralized for Congress, but budget preparation and execution in the DOD would operate in a much more decentralized way than under the existing system. Commitments and national security objectives still would be determined by Congress and the President, but decisions on operating and support spending, and most procurement spending, would be made at the command level with much more authority delegated to military commanders and their comptrollers than is the case at present. The basic assumption supporting this approach is that military commanders know best what types of operations, hardware, facilities, and equipment are needed to deter threat and to engage in war when required. Further it is assumed that they are capable of specifying and obtaining the capital assets needed from private sector firms with much less insulation from the management of such transactions by the Pentagon and Congress. (Jones and Bixler, 1992, p. 214)

It may be anticipated that opposition to this model would be deep in Congress and the Pentagon. The belief is that the decentralization of the defense acquisition process would cause greater duplication of effort and lack of standardization in weapons procurement resulting in acquisition being more costly and less efficient.

In defense, Jones and Bixler state:

. . . , the objection to unnecessary duplication in the purchase of very expensive military hardware is misdirected. First, it assumes that commands could not agree to make cooperative purchases. Second, it ignores the economic theory of industrial organization that indicates that greater industry and product diversity would result in more competition, greater product choice, closer match between product characteristics and end-user preferences, and a more diversified and efficient industrial base. (Jones and Bixler, 1992, pp. 215-216)

Jones and Bixler address the standardization objection:

The market-orientation of the mission-budget approach,

. . . would result in less rather than more standardization of product if, by supplying more differentiated products, the defense industry could better serve the

needs of it's customers. This is precisely what a market is supposed to accomplish. Such a system would stimulate far more competition and differentiation in the defense industry itself, which is now dominated by too few firms that do not operate efficiently due to their monopsony/monopoly and duopoly relationship to Congress and the Pentagon, and the predictable flow of direct and indirect subsidies from government. (Jones and Bixler, 1992, p. 215)

The operating accounts of the budget would be proposed by the CINCs, in accordance to criteria set by OSD and the military departments, to Congress. Congress would still appropriate funds, OSD and the military departments would still allocate the funds, but the allocation would be on a per-unit subsidy basis to relate service costs directly to units of service production. This would allow military commanders greater discretion in managing operating (O&M) accounts, excluding military personnel accounts which would remain centrally managed, and " . . . because the acquisition budget would be controlled by the commands a closer fit between operating and investment spending would be achieved." (Jones and Bixler, 1992, p. 216)

This model would require less top-down management resulting in fewer staff in OSD and military departments in the Pentagon. The PPBS process would remain, but the programming phase would be a command function. A core comptrolller staff would be required to combine and coordinate the budget proposals for review by OSD and Congress, but the need for the Program Objectives Memorandum (POM) as it is now, would be eliminated.

The critical defense policy issue of the next decade is to manage the large-scale reduction of the U.S. force structure and the defense industrial base without threatening their creativity, flexibility, or efficiency . . . The mission approach to management control and budgeting would attempt to look at resources on the basis of threat, commitments, desired outcomes, and national security priorities. It would emphasize the importance of policy to guide budgets rather than having budgets drive policy. (Jones and Bixler, 1992, pp. 220, 222)

This model does not affect the manner in which war would be pursued, but would provide both joint and individual service commanders better and more efficiently produced weapons through increased control of the operation and acquisition accounts.

One of the many objections that can be anticipated from the DOD concerning this model would involve the newly established Defense Business Operations Fund (DBOF). DBOF is the consolidation of all DOD Industrial Fund Activities. These are activities that provide goods and services to government agencies on a reimbursable basis and are non-profit. They operate on a revolving fund concept, which means that Congress places a beginning balance in the account and the account is reimbursed by receiving activities upon completion of service or receipt of product. DBOF is the responsibility of the DOD Comptroller. Prices represent the full cost of service or product vice direct cost as prices had previously been calculated. Under the model presented, commands would be authorized to enter into multiyear military assets with the private sector. As each command would have control of their operating and acquisition budgets plus be

able to coordinate purchasing with multiple commands the price on a multiyear contract could be tough competition for DOD.

VI. CONCLUSIONS

This thesis has examined some of the changes in defense decision-making made since the 1940's. Each reform has intended to correct a deficiency in the defense decision process, whether it was the lack of authority for the Secretary of Defense, or the lack of a distinct line of authority, capacity, responsibility, and accountability in DOD.

With the reduction in active duty personnel experienced today and the reduction in defense resources, acquisition of properly constructed weapons and appropriate training of personnel is paramount to the security of this nation. However, proper organization and communication are crucial to efficient military operation.

It is the proposal of this thesis that changing the allocation of resources to provide the unified and specified command level with operating and acquisition budgets will in turn enhance the military's near-term warfighting capability. The model presented in this thesis would not correct all of the problems associated with the present system, but it would move the process closer to the approach necessary for each level of participants in the decision-making process to have more appropriate power and authority in the process. At

present, managers that must execute operations are being denied an active role in decision-making.

Many of the errors and mishaps cited in this thesis are traced back to the lack of a clearly defined chain of command, poor planning, lack of experience, poorly constructed weapons, and at times, lack of attention to safety of personnel.

The allocation of defense resources must compliment the organization of DOD chain of command. Decision-makers must be close enough to operations to evaluate the weapons and training required to meet the demands of their region of responsibility. With a horizon of 5 to 15 years in the Pentagon for a new weapon system, the emphasis can not only be on long range planning, greater emphasis must be placed on operational readiness.

Congressional oversight must be relaxed and backed out of the intricate detail it presently involves to become focused on meeting the security needs of this nation. At the same time, military leaders must be provided the means by which to achieve these security objectives. Annual appropriating of defense resources severely cripples the ability of planners to instill any stability in the process. Since any procedural change implemented to increase the stability of the defense budgeting process would limit the Legislatures flexibility to react to the rapidly changing environment, Congress is not likely to change their present way of doing business.

Change is never easy and seldom without opposition. The CINCs have decline the unofficial offer to control defense funds on their own behalf. As discussed in Chapter III, their two main objections can be countered. In the Navy process, each CINC provides a list of their top five priority requirements to the cognizant resource sponsor in OPNAV. Aside from those top five issues, the resource sponsor is not obligated to fund any other particular CINC requirement. Since the DRB does not address operational requirements the CINCs have not other avenue to utilize in their effort to obtain adequate funding. Providing the unified and specified command level with operating and acquisition budgets will ensure their requirements are fulfilled to accomplish their mission objectives.

In answer to the research questions indicated in Chapter I, this thesis finds the following:

Question 1: Does the present Defense Planning System unduly emphasize force capabilities in the future at the expense of operational readiness in the present?

Finding: The time horizon of 5 to 15 years in the Pentagon coupled with annual appropriation of defense resources inhibits the ability of decision-makers to focus on the importance of operational readiness in the present. A blurred chain of command throughout the planning and execution of operational missions cause mishaps. Greater emphasis must be placed on the operational readiness of the forces and

experts must be aggressively involved in the planning process. Planning of the missions discussed in this thesis took place to far removed from actual execution, the results being disastrous. Weapons that U.S. troops were using in some cases were of poor quality. Decision-making must be at a level of management that is close enough to operations to ensure proper equipment and training of personnel. The reductions in force and acquisition of today's environment dictates more efficient use of all resources. The decision-making process must also be changed to better serve the operational commands.

Question 2: Will a change in the allocation of defense resources as proposed in the mission-oriented model actually enhance near-term warfighting capabilities?

Finding: The conclusion of this thesis is that changing the allocation of resources will enhance near-term warfighting capabilities. The unified and specified commands have limited access to and very little influence in the decision-making process. The allocation of resources must compliment the organization of DOD and the chain of command. This thesis has highlighted the power that the military departments have in Congress and through constituent relationships while the JCS and the unified and specified commands do not have any leverage. Reforms have been implemented to strengthen the authority of the unified and specified commands through enforcement of the chain of command by JCS, i.e., Goldwater-Nichols Act. The additional change in the allocation process

would not only increase the influence and capacity of the unified and specified commands, it would ensure that budgetary requirements were met.

A recommended area of further research is to examine the changes in the acquisition process that would occur if the unified and specified commands were to have an acquisition budget.

BIBLIOGRAPHY

- Art, Robert J., "Congress and the Defense Budget: Enhancing Policy Oversight," in "Reorganizing America's Defense," 1985.
- Blackwell, James A. and Blechman, Barry M., "Making Defense Reform Work," Brassey's (US), Inc., 1990.
- Burrowes, Reynold A., "Revolution and Rescue in Grenada, an Account of the U.S. - Caribbean Invasion," Greenwood Press, Westport, Connecticut, 1988.
- Enthoven, A.C. and Smith, K.W., "How Much Is Enough?," Harper and Row, Publishers, 1971.
- Hitch, Charles J., "Decision-Making For Defense," University of California Press Berkeley and Los Angeles, 1966.
- Hobkirk, Michael D., "The Politics of Defense Budgeting," National Defense University Press, 1983.
- Jones, L. R. and Bixler, Glenn C., "Mission Financing To Realign National Defense," JAI Press, Inc., Greenwich, Connecticut, 1992.
- Palmer, Gregory, "The McNamara Strategy and The Vietnam War, Program Budgeting in the Pentagon, 1960-1968," Greenwood Press Westport, Connecticut, 1978.
- Ryan, Paul B., "The Iranian Rescue Mission, Why It Failed," Naval Institute Press, Annapolis, Maryland, 1985.

INITIAL DISTRIBUTION LIST

- | | | |
|----|--|---|
| 1. | Defense Technical Information Center
Cameron Station
Alexandria, Virginia 22304-6145 | 2 |
| 2. | Library, Code 52
Naval Postgraduate School
Monterey, California 93943-5002 | 2 |
| 3. | Prof. P. J. Parker
Code NS/Pr
Naval Postgraduate School
Monterey, California 93943-5000 | 1 |
| 4. | Prof. Larry R. Jones
Code AS/Jn
Naval Postgraduate School
Monterey, California 93943-5000 | 1 |
| 5. | LT Leslie S. Turley
1214 Longbranch
Dodge City, Kansas 67801 | 2 |

848215

Thesis

T93763

Turley

c.1

The impact of the
defense budgeting pro-
cess on operational
readiness.



DUDLEY KNOX LIBRARY



3 2768 00034290 1